

MINUTES

COMMISSION ON LOCAL GOVERNMENT

Regular Meeting

10:00 a.m., March 14, 2005

Members Present

John G. Kines, Jr., Chairman
Harold H. Bannister, Jr., Vice Chairman
Kathleen K. Seefeldt
Geline B. Williams

Members Absent

Others Present

Ted McCormack, Associate Director
Steve Ziony, Principal Economist
Barbara Johnson, Executive Secretary

Call to Order

The Chairman called the meeting to order at 10:00 a.m., March 14, 2005 in the Board Room of the Department of Housing and Community Development in Richmond.

I. Administration

A. Approval of Minutes of Regular Meeting of January 10, 2005

The minutes of the Commission's regular meeting of January 10, 2005 as amended were approved unanimously. Because Ms. Seefeldt was not present at the January 10 meeting, she abstained from voting.

B. Presentation of Financial Statement for February 2005

The Associate Director reported that the members had been mailed previously a copy of the internally produced financial statement covering the Commission's activities through February 2005. He reported that the financial statement contained data for eight months, or approximately 67% of the fiscal

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year and that the document showed agency expenditures of approximately \$221,000 or 65.5% of appropriations. Mr. McCormack noted that with the retirement of Larry McMillan at the end of February, the rate of Commission expenditures would decline until that position is refilled. The Commission accepted the financial report for filing.

C. Associate Director's Report

1. Resolution of Appreciation for Larry McMillan

The Associate Director reported that in accordance with the Commission's direction he had prepared a resolution of appreciation for Larry McMillan who retired from State service at the end of February 2005. At the request of the member, Mr. McCormack circulated the resolution and each Commissioner present affixed their signature to the document. He indicated that once Mr. Heston had signed the resolution, it would be framed so that the Commission could present it to Mr. McMillan at a forthcoming meeting.

2. Recruitment for Vacant Position

The Associate Director reported that he had submitted the required paperwork to obtain approval in order to fill the vacant Senior Policy Analyst position. He noted, however, that Mr. Bill Shelton, the Commission's Executive Director and the Director of the Department of Housing and Community Development, wanted to discuss revising the responsibilities for that position to include more activities that would foster State-local relations. Mr. McCormack indicated that he hoped to

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meet with Mr. Shelton in the immediate future so that recruitment for the vacant position could commence.

3. **Meeting Per Diem**

The Associate Director stated that, in accordance with the Commission's Policy on compensation and reimbursement, per diem would be paid to all members for their service to the Commonwealth on the current date.

4. **Revision of Commission Regulations**

The Associate Director indicated that the proposed revisions to the Commission's Public Participation Guidelines and Regulations were approved by the Secretary of Commerce and Trade on March 7, 2005, but that final approval by the Governor was needed before the revision can be published in *The Virginia Register*. In addition, Mr. McCormack advised that the Commission would be required to hold a public hearing on the proposed revisions, and if the Governor's approval is received in a timely, that hearing could be held as a special meeting in conjunction with the May regular meeting. The Commission authorized the Chairman to call a special meeting in May 2005, if needed, to hold a public hearing on the proposed revisions to the public participation guidelines and regulations.

5. **Pending Issues**

The Associate Director reported that in the immediate future the Commission may be requested to review a proposed voluntary settlement agreement between the Town of Hillsville and Carroll County concerning

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annexation and revenue-sharing. Mr. McCormack noted that in 1995 the Commission reviewed a similar settlement agreement between the two localities that authorized a two-phased annexation by Hillsville as well as a revenue-sharing agreement under which the Town received a portion of certain local revenues derived from an interstate interchange. He stated that published reports had indicated that in return for a utility agreement with the County, the proposed agreement currently under consideration by the localities would give the Town the option to annex the revenue-sharing area or to continue the revenue-sharing plan. In closing, he observed, however, that the initial request for a review of the proposed accord may be several month away.

6. Distribution of the Catalog of Mandates

The Associate Director stated that notification of the availability of the 2005 Edition of the Catalog of State and Federal Mandates on Local Governments was sent to the National League of Cities, the National Association of Counties, and every planning district commission in the State. In addition, notification was also mailed to the Governor, each member of the Governor's Cabinet and the General Assembly.

II. Fiscal Stress Report for 2002/03

A. Preliminary Staff Comment

Mr. Ziony stated that his presentation would focus on the methodology used to derive the data contained in the fiscal stress report. He then distributed to the members illustrative computations that would be contained in the technical

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appendix of the 2002/03 report. Mr. Ziony noted that the methodology for revenue capacity, revenue effort and fiscal stress was initially developed by other entities in Virginia, but from the time the responsibility for calculating comparative fiscal stress was transferred to the Commission from the Joint Legislative Audit and Review Commission in the mid-1980s, the methodology has undergone significant refinement and improvement. He also reviewed the various data elements contained in the methodology and the sources for each. In conclusion, Mr. Ziony also briefed the Commission on the results of his research into the State-wide average yield rates by the four revenue components of revenue capacity for the 1997/98 – 2002/03 period.

B. Commission Deliberation and Action

The Commission thanked Mr. Ziony for his presentation and briefly discussed generally the overall fiscal stress methodology. Mr. Bannister requested that the staff investigate methods by which the data from other State agencies that underlies the fiscal stress computation could be verified for completeness and accuracy. In addition, the members authorized the staff to release the report to the public once any stylistic revisions to the text have been made.

III. Report on Legislation of Interest

The Associate Director reported that during the recently concluded 2005 General Assembly Session, the Commission's staff followed for the Governor's office 64 pieces of legislation and conducted local fiscal impact reviews on 14 pieces of legislation. He noted that in both instances, the Commission's staff efforts were assisted by members of

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the Policy Office of the Department of Housing and Community Development. Mr. McCormack also advised that the local fiscal impact review process involved input from approximately 30 counties and cities. He observed that similar to last year, there was no legislation introduced during 2005 that directly affected the activities of the Commission on Local Government. The Associate Director stated, however, that there were two bills considered by the General Assembly that might be of interest to the members, and he distributed to the Commission copies of the legislation. Mr. McCormack then briefly discussed House Joint Resolution 623, which was a proposed constitutional amendment which would have prohibited the State from imposing unfunded mandates on localities, and Senate Bill 874, a change to the City of Hopewell's charter that would have exempted the City from a State-imposed increase in local matching funds in any year when the Consumer Price Index increased more than the assessed value of real estate in that municipality. He noted that while neither bill was enacted, but several senators who were members of the Senate Local Government Committee promised the City of Hopewell to study unofficially the issue of unfunded mandates, which would likely involve the Commission's work with the cataloging and assessment of mandates.

IV. Other

Chairman Kines noted that Virginia would host of the 2007 National Association of Counties Conference in Richmond, and he recommended that the Commission offer to present a program at the meeting. The members concurred in Mr. Kines' recommendation and also suggested that the staff investigate opportunities for programs that could be presented at the annual National League of Cities Legislative Conference in Washington, DC.

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VI. Scheduling of Next Regular Meeting

The next regular meeting was scheduled for May 9, 2005 at 10:00 a.m. at the Commission's offices in Richmond, Virginia.

VI. Adjournment

The meeting was adjourned at 11:45 a.m.

John G. Kines, Jr.
Chairman

Ted McCormack
Associate Director

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